



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20453

August 11, 2004

RQ-2

Marcus Vaden, Treasurer
Democratic Party of Arkansas
1300 West Capitol Avenue
Little Rock, AR 72201

Response Due Date:
September 10, 2004

Identification Number: C00024372

Reference: July Quarterly Report (4/1/04 – 6/30/04)

Dear Mr. Vaden:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. This notice requests information essential to full public disclosure of your federal election campaign finances. **An adequate response must be received at the Commission by the response date noted above.** An itemization of the information needed follows:

-Schedule A of your report (see attached) discloses one or more contributions which appear to exceed the limits set forth in the Act. 2 U.S.C. §441a(f) and 11 CFR §110.1(c) prohibit a state, district or local party committee (combined) from receiving any contribution from a person or non-multicandidate political committee in excess of \$10,000 per calendar year.

If any apparently excessive contribution in question was incompletely or incorrectly disclosed, you must amend your original report with the clarifying information.

If any contribution you received exceeds the limits, you may have to refund the excessive amount. The funds can be retained if within 60 days of receipt, (1) the excessive amount was properly reattributed to another person, such as a joint account holder, by obtaining signed written authorizations from each person making the contribution pursuant to 11 CFR 110.1(k)(3), and (2) the treasurer informs the person making the contribution that he or she may request the return of the excessive portion of the contribution if it is not intended to be a joint contribution. Any request from a donor for a refund must be honored.

DEMOCRATIC PARTY OF ARKANSAS
PAGE 2

Alternatively, the funds can be retained if within 60 days of receipt you (1) transferred the excessive amount to an account not used to influence federal elections, and (2) provided written notice to the person making the contribution of the option of receiving a refund. Any request from a donor for a refund must be honored.

If the foregoing conditions for reattributions or transfers to a non-federal account were not met within 60 days of receipt, the excessive amount must be refunded.

Please inform the Commission of your corrective action immediately in writing and provide a photocopy of your check for any transfer-out or refund. In addition, any reattributions should be reported as memo entries on Schedule A of the report covering the period during which the authorization for the reattribution is received. Any transfers-out or refunds should be disclosed on Schedule B supporting Line 22 or 28 of the report during which the transaction was made.

Although the Commission may take further legal action regarding the acceptance of an excessive contribution(s), prompt action by your committee to seek reattribution, transfer-out or refund the excessive amount will be taken into consideration.

-Your report discloses memo Schedule A's totaling \$6,998.65 from the "AR. Party Victory Fund," which appears to be a joint fundraising committee. However, there are no corresponding transfers-in from this committee disclosed on Schedule A supporting Line 12 of the Detailed Summary Page. Please clarify this apparent discrepancy.

-Your report discloses a payment(s) on Schedule B to "Twin City Bank" that has not been recorded on Schedule C. Loan must also be reflected on Schedule C. Please amend your report to clarify this discrepancy. 2 U.S.C. §434(b)(4)

-On Schedule C1, Line B, the total outstanding balance reported by your committee appears to be incorrect. This amount is calculated by subtracting the amount of this draw from the total amount of the line of credit, then adding to this figure all payments made to the lending institution. Please amend your report to correct this discrepancy.

-Your report does not disclose any payments for salary or wages on Schedule B supporting Line 30(b) of the Detailed Summary Page.

DEMOCRATIC PARTY OF ARKANSAS

PAGE 3

11 CFR §100.24 defines as Federal Election Activity, services provided by an employee of a State, district or local party committee who spends more than 25 percent of their time during that month on activities in connection with a Federal election. You are advised that payments for salaries and wages for employees who spend more than 25 percent of their compensated time in a given month on Federal Election Activity or activities in connection with a Federal election must be made with Federal funds only. Please provide clarification regarding the lack of payments for salary and wages disclosed by your committee.

-The loan schedule (Schedule C) should disclose the following information: the name and mailing address of the person making or receiving the loan, original amount, cumulative payment, outstanding balance, date incurred, date due, and interest rate for all loans that your committee has received. Please amend Schedule C by providing the date due. 11 CFR §§104.3(d) and 104.11(a)

-Your report contains a Schedule C-1 but does not include a copy of the loan agreement. Commission Regulations require that you submit a copy of the loan agreement with the Schedule C-1. As an electronic filer, you must send a hard copy of the loan agreement via mail or courier. Please submit the missing document. (11 CFR §§104.3(d)(2) and 104.18(h))

-The supporting schedule for loans and lines of credit from lending institutions (Schedule C-1) must include the name and address of the lender, amount, interest rate, date incurred, date due, the treasurer's signature, and the signature of an authorized representative of the lending institution, along with a copy of the loan agreement. In addition, it may be necessary to provide information regarding restructured loans, draws on lines of credit, secondary sources of repayment, traditional collateral, future receipts as collateral and other means of obtaining loans according to your activity. Please amend Schedule C-1 and any other affected schedules to provide date due. 11 CFR §§100.82 and 100.142

Unlike previous election cycles, you will not receive an additional notice from the Commission on this matter. Adequate responses received on or before this date will be taken into consideration in determining whether audit action will be initiated. Requests for extensions of time in which to respond will not be considered. Failure to provide an adequate response by this date may result in an audit of the committee. Failure to comply with the provisions of the Act may also result in an enforcement action against the committee. Any response submitted by your committee will be placed on the public record and will be considered by the Commission prior to taking enforcement action.

DEMOCRATIC PARTY OF ARKANSAS

PAGE 4

Electronic filers must file amendments (to include statements, designations and reports) in an electronic format and must submit an amended report in its entirety, rather than just those portions of the report that are being amended. If you should have any questions regarding this matter or wish to verify the adequacy of your response, please contact me on our toll-free number (800) 424-9530 (at the prompt press 5 to reach the Reports Analysis Division) or my local number (202) 694-1157.

Sincerely,



Brandy Phillips

Senior Campaign Finance Analyst
Reports Analysis Division

DEMOCRATIC PARTY OF ARKANSAS

PAGE 5

Contributor Name	Date	Amount	Report
Friends of Blanche Lincoln	04/07/04	\$35,000	2004 July Monthly
Friends of Blanche Lincoln	04/27/04	\$750	2004 July Monthly
Friends of Blanche Lincoln	04/27/04	\$1,600	2004 July Monthly
Friends of Blanche Lincoln	06/11/04	\$2,050	2004 July Monthly

